

.594 for 1906. Cash on hand at the close of the year was ^2,070,231 for 1902, £3,063,173 for 1906, and £2,761,781 for 1907. The dividend declared for 1902 was ten per cent., which was advanced for 1904 to eleven, for 1905 to thirteen, and for 1907 to fourteen per cent.¹ The Mercantile Bank of India had a paid-up capital at the close of 1907 of £562,500 and assets of ^£6,156,772.

A large share of the business of Oriental banks is based on exchange with gold countries, especially with London. This business became very profitable to the banks as silver declined in value, but a source of embarrassment and loss to traders. Exporters protected themselves in a measure by making "forward" contracts for exchange—that is, when they knew that they would have shipments to make, for which they would be entitled to sell bills upon London in sterling, they would contract in advance with a banker to accept these bills at a certain rate in silver. They would then be in a position to determine the silver price at which they could produce or buy the goods for export at a profit. If silver declined in gold value, they were fully protected by their exchange contract. The banks sought protection by contracts for forward sales of bank paper and by the high rates they charged for the risks assumed.²

The difficulties of exchange became especially acute after the crisis of 1893 in the Straits Settlements, where the port of Singapore constituted the entrepôt of international trade. The Governor of the Settlements was accordingly authorized in 1893 by the British Colonial Secretary to appoint a special committee to suggest remedial measures. This committee disagreed and nothing came of its efforts. The same fate befell the plan for a gold-exchange standard adopted by the Singapore Chamber of Commerce on August 25, 1897. This plan, while proposing the adoption of a new silver dollar to have the gold value of two shillings, had

¹ London *Banker? Magazine*, June, 1908, LXXXV, 858.

* Cf. Kerner, *Political Science Quarterly*, December, 1906, XXI, 671. 38